THE NATIONAL DEBT.

13

A Decrease of 802 Millions in Three Years.

IMPORTANT AND INTERESTING FACTS.

SPEECH OF EDWARD ATKINSON,

OF BROOKLINE, MASS.

Delivered at Worcester, Mass., Sept. 9, 1868.

GENTLEMEN—In a short address, I propose to justify—not to defend the fiscal policy of the Republican party. As the honored chairman of our State Central Committee has well said, its fiscal record needs no defence, it is a record of which we may well be proud.

In speaking to you I shall pass rapidly over the details, but you will find all my statements verified in detail in the printed reports.

If there is any merit in the following analysis of the expenditures of the last three years, I can only claim the plan and method upon which it is placed before you. All the data have been furnished me by the Hon. David A. Wells. I long since perceived that the statement commonly accepted as that of the maximum dedt of the United States was not one which covered the liability of the Government on the 1st of August, 1865, by many millions of dollars.

THE DEBT IN 1865.

I knew this from the fact that the manufacturing corporations with which I am myself connected held at that date several millions of dollars of claims upon the Government through the contractors to whom we had sold material for the tents and clothing for the army, for which they had then had no settlement. These accounts were afterwards allowed, and we took our pay in 7 3-10 notes, most of which we sold to the various savings banks of Massachusetts from whom we had borrowed the money to enable us to do the work and furnish the goods.

These notes were of course converted into 5-20 bonds by the savings banks, and now form a portion of the debt which the Democratic party proposes to repudiate by issuing greenbacks, or in other words substituting failed paper bearing no interest for a debt not yet due; the avowed purpose of the Southern wing of the party, who at least may claim the meed of praise for their bold avowal, being to render the greenback valueless and then to repudiate it.

In this scheme they are led by George H. Pendleton and covertly supported by Horatio Seymour, it being now asserted by his supporters that he has retracted his previous views, and that there is a substantial agreement between himself and Pendleton as to what should be the fiscal policy of the country.

HIS STATEMENTS ARE OFFICIAL.

I have said that I have been able to make the statements which are included in this address by the aid of my friend David A. Wells, special commissioner of the revenue, to whom I applied in order that I might have the force of an official statement to prove my position. Of the value of his official statement you are well aware; no man stands higher in the confidence of the people, and no man deserves that confidence more.

With a single eye to the truth, he gives to his work the force of an enthusiasm rarely to be found, and hence the power and value of every document that comes from his hand.

For the use I have made of the figures which he has given me in answer to my questions, I alone am responsible, and I desire that he shall have the credit of all the facts here stated, and I invite the blame of those who will charge me with perverting them to party purposes.

The Democratic party fears the truth, and will make this charge. I trust this may not long be so. The name of democrat, in its true significance, is one which I honor and cherish, and I hope the day is not far off when it shall no longer be prostituted to the purposes of a party which denies every principle indicated by its name, and which has been the party of despotism and of oppression ever since I came to man's estate; a party which now rests its chance of success upon the ignorance of its followers, and proposes to inaugurate war, fraud, and violence, under the lead of Seymour and Blair.

We demand peace and an honest administration, and, under the wise control of General Grant, *these we will have.*

CONFIRMED BY MR. BOUTWELL.

I also desire to say that I did not fully realize the great importance or the force of the statement of the real maximum debt of the United States, at a given date, until I read the speech of Hon. George S. Boutwell upon the funding bill, in which speech is a compact statement substantially agreeing with the exhibit I am about to make.

The condition of active war terminated with the surrender of the rebel armies in April, 1865, but the condition of passive war did not then cease, nor will it cease until every citizen of the

Southern States, shall be safe under the protection of loyal State governments, elected by the ballots of all freemen or freedmen—free not only from the chains of slavery, but from the fear of violence or fraud by which they are now intimidated.

WHAT DID WE OWE IN 1865?

The ascertained debt of the United States on the first day of April, 1865, as entered upon the books of the Treasury Department, amounted to $2,366,955,077. Four months later, on the 1st of August, 1865, the debt represented upon the books amounted to $2,757,689,571; and the latter sum has been assumed of late to have been the maximum debt of the country at any one time.

But such was very far from being the fact. These figures represent only the amount of debt actually entered upon the books of the Treasury Department, but there existed at that time a liability for a very large sum not then entered, but for which the Government was bound as much as if the bonds had then been issued, a liability since recognized and since paid.

At that time the Democratic party leaders asserted, what they now find it convenient to forget, viz: that the burden of debt imposed upon the country by the war was three to four thousand million dollars, and for once they were right; the true liability of the United States, caused by the war which the Democratic party of the South had waged upon the Government, amounted in the year 1865 to the sum of $3,287,733,329; and since that date the Republican party has paid over $800,000,000, or one quarter of the principal of the entire debt, besides paying the interest.

HOW IT WAS REDUCED.

In proof of this statement, let us now review the financial history of the Government from April 1, 1865, to June 30, 1868, the close of the last fiscal year, a period of three years and three months of quasi peace.

AND FIRST, AS TO REVENUE.

The receipts from the customs have been as follows:

April 1, to June 30, 1865	$30,014,387
July 1, 1865, to June 30, 1866	179,046,651
" 1, 1866, to " 30, 1867	176,417,810
" 1, 1867, to " 30, 1868	163,500,000
Total	$548,978,848

INTERNAL REVENUE.

April 1, 1865, to June 30, 1865	$42,508,820
July 1, 1865, to June 30, 1866	310 906,984
" 1, 1866, to " 30, 1867	265,920,474
" 1, 1867, to " 30, 1868	193,000,000
Total	$812,336,278

MISCELLANEOUS SOURCES.

The receipts under this head have been derived from the following sources, enumerated in the order of their importance:

First. Premium on sales of gold.

Second. Sales of military and naval stores and of captured and abandoned property.

Third. Direct taxes.

Fourth. Public lands.

The receipts from the last having been comparatively inconsiderable.

April 1, 1865, to June 30, 1865	$10,995,955
July 1, 1865, to " " 1866	69,759,154
" 1, 1866, to " " 1867	48,188,660
" 1, 1867, to " " 1868	49,800,000
Total	$178,743,769

RECAPITULATION.

Customs	$548,978,536
Internal Revenue	812,336,278
Miscellaneous	178,743,769
Total	$1,540,058,583.

The above total, therefore, represents the exact amount which the Treasury of the United States has received from sources other than loans since the close of the war.

WHAT BECOMES OF THE MONEY.

And now we come to the main question. In what manner has this sum of money, amounting to three-fifths the present amount of the public debt, been disposed of?

This is a question which the people have a right to ask, and which I propose to answer—to answer in the most simple and straightforward manner, and in a manner which can be verified by any man who will take the pains to examine the finance reports of the last three years, issued by Hon. Hugh McCulloch, Secretary of the Treasury.

Although active hostilities virtually ended with the surrender of the great rebel armies in April, 1865, the expenses of the war did not and of necessity could not cease at once. The military and naval forces were at that time in a state of the greatest efficiency. In number they approximated to a million of men in active service, and preparations had been made for prosecuting the war at all points with the greatest energy during the ensuing season.

WAR EXPENSES AFTER THE WAR.

It was obviously impossible for the Government to say to its million of soldiers and sailors the moment the rebels laid down their arms—Go! we have no further use for you? To the

sick, wounded and disabled—Take care of yourselves! To the owners of half-constructed vessels, and to those who had contracted in good faith to supply food, clothing, and ordnance—We repudiate our contracts and refuse your supplies! No; all these matters were to be settled upon principles of justice, honor, and humanity; but to accomplish such a result, the Treasury found itself in a position of embarrassment and danger which few either knew or appreciated.

The credit of the Government had become greatly impaired, the 7 3–10 loan was selling at less than par even in currency, and all other means adopted for raising money during the preceding year had proved or were then proving comparative failures. There were in April, 1865, accounts passed for payment—and over due—to the extent of more than one hundred and twenty millions of dollars, while all the available cash funds, coin, and currency which the Government could then command was less, all told, than seventeen millions of dollars.

OUR CREDIT LOW.

Treasury vouchers, issued for supplies to the army and navy, were being sold with difficulty by their holders at from 10 to 20 per cent. discount. The pay of the army itself was and had for months been largely in arrears. Horatio Seymour and other rich Democrats were then refusing, as they had always refused, to subscribe for or to hold the bonds of the United States. In short, the Treasury was so near to absolute bankruptcy, that the old officials, to whom almost alone these facts were known, dreaded the collapse which they feared might come at any day.

But fortunately the system of internal revenue, the establishment of which had been only too long delayed, was beginning to prove effective, and the receipts from this source and from the renewal of subscriptions to the 7 3–10 loan tided the Treasury over a most critical period.

The inevitable result was, however, that large payments, the liability for which actually existed during the time, and which were properly part and parcel of the expenses of active war, were carried over into the year succeeding the war, and were then largely paid from the enormous receipts of revenue of that year.

BACK PAY OF TROOPS.

This liability for back pay, for the pay of the troops to the date of their possible discharge, for their transportation, and for the settlement of contracts, formed a part of the debt of the United States on the 1st of April or on the 1st of August, 1865, as much as if it had all been settled and the bonds issued and entered upon the books of the Treasury Department. These disbursements, under the direction of the War Department, from the 1st of April, 1865, to the 30th of June, 1866, a period of only *fifteen months*, were as follows:

April 1 to June 30, 1865	$414,196,377
July 1 to Sept. 30, "	165,369,237
Oct. 1 to Dec. 31, "	68,122,541
Jan. 1, 1866, to June 30, 1866	50,857,923
Total 15 months	$698,546,078

During the same period the expenditures made under the direction of the Navy Department were as follows:

April 1, 1865, to Dec. 31, 1865	58,847,889
Jan. 1, 1866, to June 30, 1866	17,461,884
Total 15 months	$76,319,773

It thus appears that the disbursements made under the direction of the Army and Navy Departments during the fifteen months immediately succeeding April 1, 1865, the month in which the rebel armies surrendered, amounted to $774,865,851.

WE OWED THIS IN APRIL, 1865.

It is estimated that a very large proportion of this sum, not less than $400,000,000, was on account of expenses incurred and accounts rendered from three to twelve months prior to the termination of active hostilities, and which had been allowed by the Treasury to remain unliquidated simply by reason of great financial embarrassments.

The remainder is made up mainly of the following items:

Pay of the army 15 months	$206,000,000
Commissary and Quartermaster's Department for subsistence and transportation, about	60,000,000
Medical and Hospital Department	17,337,000
Arrears of pay of discharged or deceased soldiers	16,189,000
Bounties	10,429,002
Prize money paid by Navy Department	3,875,070

It is, therefore, not only legitimate, but strictly in accordance with the facts, to assume that this large expenditure of nearly eight hundred million dollars from April 1, 1865, to June 30, 1866, was in every sense a war expenditure, and that it was a liability on the 1st of August, 1865, the date on which our debt appeared to be at its maximum by the Treasury books, as much as if 7 3–10 notes or 5–20 bonds had been issued and entered upon the ledger; and this expenditure is to be measured and estimated by the same standards as those by which the expenditures of the active war are judged to have been necessary and unavoidable on the one hand, or unnecessary and inexpedient on the other.

THIS IS NOT ALL.

But the liability which existed at that date was even more. There were the debts which humanity and honor alike have imposed upon the country, and which Congress has recognized and paid. We were then liable for pensions—for the equalization of bounties—for further arrears of pay of deceased soldiers—for the claims of States—for the property of loyal men

destroyed—for additional prize money—for the reconstruction of the rebellious States—for the care of the freedmen, and for the burial of the dead.

The amount of these liabilities which have been recognized and paid, and which are not included in the previous statement, is as follows:

Pensions	$62,828,955
Bounties	49,382,859
Prize Money	1,642,099
Reimbursing States for war expenditures	12.330,188
Claims of loyal men	11,111,300
Freedmen's Bureau	5,617,000
Miscellaneous, including all expenses of reconstruction and national cemeteries, estimated	3,000,000
	$145.912,401
Add to this the expenses of the army and navy for 15 months, as previously stated	774,865,851
And we have a total of	$920,778,252
And in this total we have the sum to be added to the debt as it stood upon the books of the Treasury, April 1, 1865	2,366,955,077
Making the aggregate of	$3,287,733,329

which was the actual maximum of the war debt, being the expenses of the war not paid from receipts of revenue as they were incurred.

THE DEBT THEN AND NOW.

Bear in mind that these figures are all official, carefully prepared for me by Hon. David A. Wells, in order that I might defend the credit of the United States against all comers.

WHAT IS OUR DEBT NOW?

At the end of the fiscal year ending June 30, 1868, it was	$2,511,000,000
But in this amount there were included $26,000,000 of bonds loaned to the Pacific Railroad, and to be paid by them	26,000,000
Net debt	$2,485,000,000

which, when deducted from the maximum debt in 1865, proves the actual payment during three years of quasi peace of $802,733,329, or about one-quarter of our entire war liability.

Our net debt is a little more at this date, owing to the Alaska purchase, the further advance of bonds to the Pacific Railroad, and the reduction of the revenue from the frauds of the whiskey ring before the tax on whiskey was reduced.

And now we begin to see to what purpose the revenue of the past three years has been applied. But another great war liability has accrued in that period, viz: the interest upon the war debt, amounting from April 1, 1865, to June 30, 1868, in coin and currency to $438,484,883.

We can now strike the balance between our income and our war expenditures:

Income 3¼ years		$1,540,058,583
War debt paid	$802,733,329	
War interest paid	438,484,883	
		1,241,218,212
Ordinary expenses		$298,840,371

including the cost of the late Indian war, and about $10,000,000 paid under the direction of the Engineer Bureau for river and harbor improvement.

NO EXTRAVAGANCE.

This is the sum and substance of all the charges of extravagance and waste. If it shall claimed that the whole problem should be stated in currency, the result is not changed, only our income and our war interest will each appear a little larger.

The premium on sales of gold having been included in the miscellaneous receipts, the only addition we have to make is to add to the war interest the premium on about two-thirds of the amount paid in gold at an average rate of 40 per cent., say $112,000,000. Our statement will then stand:

Income 3¼ years		$1,540,058,583
Add value of premium on gold interest paid		112,000,000
Income in currency		$1,652,058,583
War debt paid	$802,733,329	
Interest	438,484,883	
Premium on gold paid out for interest at par, such premium being credited above as an estimated receipt	112,000,000	
		1,353,218,212
Ordinary expenses		$298,840,371

or a little less than $92,000,000 a year.

The expenses of the last fiscal year under the Democratic administration of James Buchanan amounted to	$76,841,000
Equal to a currency equivalent, at the average of 140 for gold, the rate at which our expenditures should be taken if our currency expenses be reduced to gold, to	$107,577,400

THE GOVERNMENT CHEAPER THAN BUCHANAN'S.

It therefore appears that the expenses of the Government under the direction of a Republican Congress, hampered by a hostile Executive, have been at the rate of $15,500,000 less per annum than the expenses under the last year of Democratic rule.

We claim that they might fairly have exceeded any honest expenditure in 1860, for we have 5 or 6,000,000 more population and a vast extent of new territory to guard and control.

If it shall be alleged that we have included all the expenses of the War and Navy Departments for fifteen months after April, 1865, as war expenses, and that there would have been a moderate expenditure under any circumstances, we will admit it; but the expenses of the Indian war, estimated at 30 to $40,000,000, and the amount expended on river and harbor improvements, ($10,000.000,) for which we have made no allowance, but have included as ordinary expenses, would fully offset this claim.

It would therefore appear that when partisans charge the Republican Congress with extravagance they charge the last Democratic administration with far greater.

WHERE BUCHANAN'S MONEY WENT.

But we are fully prepared to admit their charge of excessive expenditure against both administrations. The expenditure made under James Buchanan of $77,841,000 in gold, amounting to a present currency equivalent of $107,577,400, was largely used to arm and equip the rebel States in order that they might wage war against the Government.

The extravagant expenditure of the last three years has been made in consequence of the appointment to and maintenance in office of corrupt officials by Andrew Johnson.

We will now close this branch of our subject, but let us first recapitulate our figures.

TABULAR STATEMENT.

We have proved that the ordinary expenses of the Government for three years and a quarter, including the suppression of Indian hostilities and nearly $10,000,000 for river and harbor improvement, have been at a less rate than during the last fiscal year prior to the war.

We have proved that to the alleged maximum debt, August 1, 1865	$2,757,689,571
there must be added a portion of the liability of $920,778,252, which existed April 1, and of which there was still unsettled on the 1st August the sum of	530,043,758
and we then have the actual maximum debt	$3,287,733,329

IN WHAT FORM WAS THIS DEBT?

Due within 3 Years.

1st. The liability not then entered upon the books was all recognized and settled within three years, and most of it was due and paid within one year		$530,043,758
2d. The debt upon the books was mostly due at short date, and consisted of the following obligations:		
Overdue, on which interest had ceased		1,503,020
Compound-interest notes due in 1866 and 1867		217,024,160
7 3-10 Treasury notes due in 1867 and 1868		830,000,000
Certificates of indebtedness due in 1866		85,093,000
Temporary loan on 10 days notice, 5 and 6 per cent		107,148,713
One and two year notes at 5 per cent		33,954,230
Suspended requisitions		2,111,000
6 per cent. bonds issued before the war and due in 1867 and 1868		18,323,592
Total debt due within three years		$1,825,201,473

Debt Due on Demand.

Notes known as legal-tender notes or "greenbacks," which the Republican party now recognizes as a debt due on demand, and has paid in part, or proposes to pay or to fund in interest-bearing bonds	$433,160,569	
Fractional currency	26,344,742	
	$459,505,311	
Less cash in the Treasury	88,218,055	
		371,287,256

Funded Debt.

Old 5 per cents. due in 1871 and 1874	$27,022.000	
5 per cent. 10-40 bonds due in 1904	172,770.100	
6 per cent. bonds due in 1880 and 1881	283,625,000	
6 per cent. 5-20 bonds due in 1882 and 1884	606,569 500	
Bonds issued to the Pacific Railroad, due 1895	[illegible],000	
		1,091,244,600
Maximum debt		$3,287,733,329

FORM OF THE DEBT IMPROVED.

If we analyze the form of our debt as it existed June 30, 1868, amounting net to only $2,485,000,000, we find that it was all substantially consolidated into long loans, (the payment of none of which can be demanded before 1880,) except the currency debt represented by the legal tender demand notes amounting now to only $356,000,000.

And for the funding of these notes the Republican party passed an act which failed to become a law by the *laches* of Andrew Johnson.

THE PARTY OF HONESTY.

We then claim that the Republican party has proved its intention to meet the liabilities of the country by honest payment and to remove from the people at the earliest moment the curse of an inconvertible paper currency. I have never been entirely convinced of the necessity for the issue of the legal tender notes as a war measure until I entered upon the review of our finances, of which I am now giving you the results.

I challenge any one to deny that this exhibit proves that the finances of the country have been managed by the Republican party with a success never before known in the history of the world.

Would that I had the eloquence of Gladstone, that I might excite in you as much interest in these dry details as their importance demands.

RESULTS ATTAINED.

From this review of the finances of the last three years it is manifest that, if the nation has submitted to excessive taxation and has made an extraordinary effort to free itself from financial embarrassment, it has something real and substantial to show for it.

It has secured substantial relief from the burthen of debt in spite of that worst form of taxation upon consumers, that involved in the use of inconvertible paper money forced into circulation under the dire necessity of war, and which the Republican party proposes to remedy by doing justice to the note-holder and making their legal tender notes as good as gold; while the Democratic party propose to continue indefinitely this burthen by issuing greenbacks until they become worthless.

TRUE PRINCIPLE OF FUNDING.

Here let me enforce the point so well made by Govenor Boutwell in his speech upon the funding bill. Congress should never authorize a loan even at a low rate of interest upon over ten years without retaining the right to pay it at its option after that period. We seem to have lost our financial courage since the war ended. During the war we issued 5-20 and 10-40 loans, assuming that we should want to pay the whole or a portion at an early date. The fraudulent proposition of the Democratic party, seconded by a few weak Republicans, to substitute bonds bearing no interest for the 5-20 bonds, thus defrauding our creditors without paying our debt, has, for the time being, prevented us from availing ourselves of the privilege of real payment, and has kept our rate of interest very high; but let us keep our faith in the nation and not give up the idea of paying the debt within twenty or thirty years.

THE REVENUE LAWS.

We have collected this billion of dollars under tax and tariff laws whose justification is in the revenue they have yielded. Judged upon their own merits they appear to have been enacted in haste, ill devised and calculated to make the burthen of taxation much more onerous than it need to be. The internal revenue law has been revised and made simple, the tariff needs yet more to be simplified, in order that as much or more revenue may be derived from it, with less injury to the people who pay the tax imposed by the tariff, viz: the consumers of foreign goods.

If then, under all these difficulties, we have in three years paid one quarter of our debt, shall we take fifty, forty, or even thirty years to pay the other three-quarters? Let us not listen to such a proposal—let us not put upon our children the burthen we can so easily remove. We have groaned under heavy taxation, but had we not paid war debt and war interest—had we borrowed instead of paying—our debt would now be over $3,800,000,000.

REDUCTION OF TAXES.

We have reduced our taxes $167,000,000 per annum, and when George H. Pendleton alleges that the taxes now amount to $500,000,000 a year, he wilfully asserts what he knows to be false. We may well repeat the pertinent question put, I believe, by Hon. William Whiting: "Are Pendleton and the Democratic leaders intentionally attempting to destroy the credit of the nation, in order that we may be unable to obtain the means to put down the new rebellion which they propose to inaugurate?"

But what is far more important, we have reduced expenses yet more.

For the year ending June 30, 1865, the expenses of the War Department were	$1,031,323,000
For the year ending June 30, 1868, the entire expenses of the army proper, excluding bounties, State claims, and other legacies of the war, were	56,713,000
For the current year the estimates are less than	40,000,000
The expenses of the Navy Department for the year ending June 30, 1865, were	123,000,000
Year ending June 30, 1868	25,778,000
Estimates for the current year	17,300,000

We are charged by Mr. Pendleton with heavy deficiency bills, but we reply that they are rendered necessary by the frauds of the honorable Democrats of the Whiskey Ring kept in office by Andrew Johnson.

STRENGTH OF THE COUNTRY.

We have ceased the rapid reduction of debt, and our taxes are not now excessive, but perhaps ill-adjusted. At the present rate per head of less than $9, our entire debt, with interest calculated at 6 per cent. for the next five years and at 5 per cent. thereafter, and with an allowance for ordinary expenses far greater than we are now paying, I say, making all these allowances, the rate of $8.60 per head will pay our debt before the year 1884 has ended. Why, gentlemen, we do not begin to realize our power; we do not begin to know our own strength; we are scared by a mirage, and we propose to put off twenty, thirty, aye, even fifty years, what we can easily do in ten. We do not need to issue a long loan to obtain a low rate of interest. Canada has just borrowed $7,500,000 at 4 per cent. and $2,500,000 at 5 per cent., and the whole amount was taken on twenty years by the Rothschilds, at 105⅝. The finance minister of Canada expects to place $10,000,000 more on still better terms.

WHY INTEREST IS HIGH.

All we pay above four per cent. interest is the guarantee charged us by capitalists because we indulge ourselves in the luxury of Democratic party leaders like Pendleton, Seymour, Hampton, Forrest, and the like.

I have said that we don't know our strength; let us try to realize it by a glance at some of the elements of our future prosperity.

WHERE STRENGTH COMES FROM.

1. Immigration. Since the termination of the war, as I am informed by Mr. Wells, over nine hundred thousand natives of foreign countries have sought a permanent home in the United

States. These immigrants are known to bring with them specie, or its equivalent, to the average amount of $70 per head, while their average value to the country as producers (and it is from production alone that we can collect taxes) cannot be estimated at less than the average value of an able-bodied laborer in the South, prior to the war, viz: $1000 per capita. Immigration, therefore, since the war, has added $63,000,000 directly and $900,000,000 indirectly to the wealth and resources of the country.

INDUSTRY GROWING.

2. Here let me again quote the language of Mr. Wells, as I have his high authority for the statement:

"Since the termination of the war more iron furnaces have been erected; more pig iron smelted; more bars rolled; more steel made; more coal mined; more lumber sawed and hewed; more vessels built upon our inland waters; more houses constructed; more manufactories of different kinds started; more cotton spun and woven; more petroleum collected, refined, and exported, than in any equal period in the history of the country, either before, during, or since the war."

RAILROADS EXTENDING.

3. We may say that during the war, or soon after its commencement, the railroad system of the North was made a unit by the completion of various connections, and it will never be known how much this added to our war power. But I will again quote Mr. Wells. He says "since the termination of the war over 5000 miles of new railroad have been constructed and opened for use in the United States, to say nothing of the lines in the Southern States which have been restored and reopened."

Gentlemen, when you hear us who are business men complaining of dullness and stagnation, please refer to the tables of the comparative receipts of several of the great railroads which are given week by week in the *Financial Chronicle*, and when you see how they increase year by year, although rates are lower, ask who exchanges all these commodities on which the freight is paid, and then consider whether the use of paper money may not have induced too many men to engage in exchange, or to become traders rather than producers.

AGRICULTURE MORE PRODUCTIVE.

4. The agricultural products of the United States have steadily increased both in quantity and value since the termination of the war, and the product of agriculture increased in quantity all through the war. We are rapidly restoring the number of animals, both horses and cattle, to their normal proportion. It may be that this year the crop of grain will be in full proportion to what it would have been had there been no unnatural or forced stimulus to manufactures by which labor had been diverted from agriculture.

THE SOUTHERN STATES.

5. Let us glance at the condition of the South. It is alleged that the reconstruction plan of Congress has been a failure. Let us test it by economic results. It is alleged that the South has been ground down under a military despotism; that there has been no labor that could be relied upon, and lastly, that they have had no capital. The last allegation we will admit, because we know that the tendency of Northern capital to the South has been checked by its insecurity. The crops of this year are, therefore, free from mortgage, for no one would trust a planter this last spring.

Now let us see what is the result. If the South has had neither labor nor capital, their crops must be the spontaneous production of nature, and they have—

First. An ample supply of food for the consumption of the whole population, say 10 to 12,000,000.

Second. A crop of cotton which promises to equal or to exceed that of last year, which has been proved by the investigation of our cotton manufacturers' association to have been nearly or quite 3,000,000 bales, or much more than the compilers of the commercial tables will admit, and more than three-fifths the largest crop ever raised before.

Third. A crop of rice which the Charleston *Daily News* asserts will prove sufficient to drive all imported rice out of the home market during the coming year.

Fourth. Fifty to 100,000 tierces of sugar.

Fifth. A crop of tobacco so large as to make it one of our main dependencies as an article to be taxed.

WE ARE RICH ALREADY.

In short the South has a salable surplus of the aggregate value of 400 to $500,000,000, and all this with their harvest of food is, if we can trust the evidence of their Democratic leaders, the spontaneous product of nature! What may not be the result when General Grant is elected, peace assured, labor rendered effective and capital safe?

THE WAR WORTH ITS COST.

Let me express my profound conviction that, as a purely economic question, the war will pay for itself, since the increased production of the Southern States, which will follow the abolition of slavery, will in the next twenty years more than pay the entire cost of the war by which slavery was ended. The question of taxation is therefore a mere question of distribution of the burthen, and we must see to it that the late rebel States do not throw off all the burden and reap only the benefit by allowing them to aid the Democratic party in repudiating the debt.

APPENDIX.

The following table was prepared by me in March, 1867. It will be observed that I made an extravagant allowance for interest. I did this because I anticipated the propositions for open or disguised repudiation which have since been made. There is no novelty in them; similar proposals were made in England after the suspension of specie payments there, but with stern integrity and true sagacity all were resisted, and the debt of England, some of which was contracted at very high rates of interest, was all consolidated into "consols" at 3 per cent. per annum, and this was done by offering real payment in coin to every creditor.

Let it not be said that England is more honest, more honorable, or more sagacious than ourselves.

Table showing when the Public Debt can be paid, with Estimates of Population, Expenses, and Taxes.

Year.	Populat'n compounded at rate of 3 per ct. per annum, after allowing 1,831,451 for the retardation of the war.	Rate of taxation, per head.	Aggregate amount of the taxes.	Expenses for Army and Navy, Civil Service and Pensions, increased annually at $2 per head on the increase of population.	Amount available for interest and for reduction of debt.	Amount of debt bearing interest.	Rate of interest.	Amount of interest.	Amount of reduction.	Net Debt.
1868	38,000,000	$8 60	$326,800,000	$152,000,000	$174,800,000	$2,500,000,000	6 c.	$150,000,000	$24,800,000	$2,475,200,000
	1,140,000			2,280,000						
1869	39,140,000	8 60	336,604,000	154,280,000	182,324,000	2,475,200,000	6	148,512,000	33,812,000	2,441,388,000
	1,174,200			2,348,400						
1870	40,314,200	8 60	346,702,120	156,628,400	190,073,720	2,441,388,000	6	146,483,280	43,590,440	2,397,797,560
	1,209,426			2,418,852						
1871	41,523,626	8 60	357,103,183	159,047,252	198,055,931	2,397,797,560	6	143,867,854	54,188,077	2,343,609,483
	1,245,708			2,491,416						
1872	42,769,334	8 60	367,816,272	161,538,668	206,277,604	2,343,609,483	6	140,616,569	65,661,035	2,277,948,448
	1,283,080			2,566,160						
1873	44,052,414	8 60	378,850,760	164,104,828	214,745,932	2,277,948,448	5½	125,287,164	89,458,768	2,188,489,680
	1,321,572			2,643,144						
1874	45,373,986	8 60	390,216,280	168,747,972	223,468,308	2,188,489,680	5	109,424,484	114,043,824	2,074,445,856
	1,361,219			2,722,438						
1875	46,735,205	8 60	401,922,763	169,470,410	232,452,353	2,074,445,856	5	103,722,292	128,730,061	1,945,715,795
	1,402,056			2,804,112						
1876	48,137,261	8 60	413,980,445	172,274,522	241,705,923	1,945,715,795	5	97,285,789	144,420,134	1,801,295,661
	1,444,117			2,888,234						
1877	49,581,378	8 60	426,399,851	175,162,756	251,237,095	1,801,295,661	5	90,064,783	161,172,312	1,640,123,349
	1,487,441			2,974,882						
1878	51,068,819	8 60	439,191,843	178,137,638	261,054,205	1,640,123,349	5	82,006,167	179,048,038	1,461,075,311
	1,532,064			3,064,128						
1879	52,600,883	8 60	452,367,594	181,201,766	271,165,828	1,461,075,311	5	73,053,766	198,112,062	1,262,963,249
	1,578,026			3,156,052						
1880	54,178,909	8 60	465,938,617	184,357,818	281,580,799	1,262,963,249	5	63,148,162	218,432,637	1,044,530,612
	1,625,367			3,250,734						
1881	55,804,276	8 60	479,916,763	187,608,552	292,308,211	1,044,530,612	5	52,226,530	240,081,681	804,448,931
	1,674,128			3,348,256						
1882	57,478,404	8 60	494,314,274	190,956,808	303,357,466	804,448,931	5	40,222,445	263,135,021	541,313,910
	1,724,352			3,448,704						
1883	59,202,756	8 60	509,143,709	194,405,512	314,738,190	541,313,910	5	27,055,695	287,672,495	253,641,415
	1,776,082			3,552,164						
1884	60,978,838	7 61	464,281,161	197,957,676	266,323,485	253,641,415	5	12,682,070	253,641,415	Debt paid.

Published by the Union Republican Congressional Committee, Washington, D. C.

Gibson Brothers, Printers.